

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 94-008-G - ORDER NO. 94-1269 ✓
DECEMBER 14, 1994

IN RE: Annual Review of Purchased Gas) ORDER DENYING
 Adjustment and Gas Purchasing) RECONSIDERATION
 Policies of South Carolina)
 Electric & Gas Company.)

This matter comes before the Public Service Commission of South Carolina (the Commission) on the November 22, 1994 Petition for Reconsideration of our Order No. 94-1117, filed by the Consumer Advocate for the State of South Carolina (the Consumer Advocate). For the reasons delineated below, the Petition must be denied.

The Consumer Advocate first questioned certain portions of Order No. 94-1117 that deal with South Carolina Electric & Gas Company's (SCE&G's or the Company's) recovery of environmental clean-up costs through its Purchased Gas Adjustment (PGA). The Consumer Advocate states as follows:

"[t]he Commission has failed to state in its Order whether there would be any opportunity to allow for any sharing of these expenses between shareholders and ratepayers in these reviews, or whether the Commission is concluding that every expense the Company reports in this category is presumed reasonable and fully

recoverable from ratepayers alone."

The Commission believes that further discussion of the principles elucidated in Order No. 94-1117 would be appropriate. It is the opinion of the Commission that the environmental clean-up costs should be borne by the ratepayers as a legitimate cost of gas, since the costs were incurred as the result of the generation of gas. The Commission does not believe, under the circumstances, that there should necessarily be any opportunity to allow for sharing of the expenses between the shareholders and the ratepayers. However, the Commission clearly states in Order No. 94-1117 that the environmental clean-up costs shall be a subject of the Staff's annual audit and review of the Company's PGA and Gas Purchasing Policies. The Commission has not determined that every expense the Company reports in the environmental clean-up costs category is necessarily presumed reasonable and fully recoverable. The Commission Staff has been ordered to review and audit these expenses to ensure that the monies collected are for legitimate environmental clean-up costs. Therefore, there is an assurance to the ratepayers that all environmental costs passed through will be legitimate environmental costs.

Second, the Consumer Advocate states that the Commission failed to address the Consumer Advocate's proposal to credit the PGA with 50 to 75% of the net revenues from competitive sales in Order No. 94-1117. Such is not the case, in that this question was dealt with specifically on page 11 of our Order. The Consumer Advocate takes issue with the fact that a denial of the request

was dealt with and was based on the greater weight of the evidence. The Consumer Advocate states that this finding cannot be supported since there was no other evidence presented to contradict the Consumer Advocate's proposal.

The Commission hereby clarifies the phrase "based on the greater weight of the evidence," by stating that upon a consideration of all the evidence as presented by the Company, the Commission simply did not believe that the Consumer Advocate's request to credit the PGA with 50 to 75% of the net revenues from competitive sales was appropriate under the circumstances presented in the case. The Commission did not intend to indicate that there was other specific evidence dealing specifically with the issue raised by the Consumer Advocate, but only that examination of the record as a whole led the Commission to believe that the Consumer Advocate's proposal was inappropriate. The Commission has left the door open, however, in future proceedings, by stating that the Commission would certainly consider any of the Consumer Advocate's recommendations at some future time.

Third, the Consumer Advocate states that the appropriateness of the reapproval of the Industrial Sales Program Rider (ISPR) in this proceeding is only appropriate if the revenue consequences of this program are dealt with in the present Docket. As the Consumer Advocates notes, this Commission has dealt with ISPR issues in the PGA proceedings, because a major component of the program involves the allocation of different sources of gas. The Consumer Advocate notes that, for the most part, however, ISPR is a rate design issue

which should be dealt with in the context of a rate case. The Consumer Advocate then argues that the reapproval of the ISPR should be delayed until the revenue consequences are dealt with, and that the program and the revenue consequences should be dealt with in one proceeding.

The Commission disagrees with and takes issue with these assertions. As the Consumer Advocate admits in his Petition, this Commission has dealt with ISPR issues in the PGA proceedings, because a major component of the program involves the allocation of different sources of gas, which is certainly an appropriate consideration for a review of the PGA and Gas Purchasing Policies of SCE&G. The Commission believes that it has the discretion to deal with ISPR in either type of proceeding. Further, the Commission believes that the ISPR and the revenue consequences may be successfully dealt with in separate proceedings, as long as both are considered at some point. The Commission does not believe that it is arbitrary and capricious, or an abuse of discretion to do so.

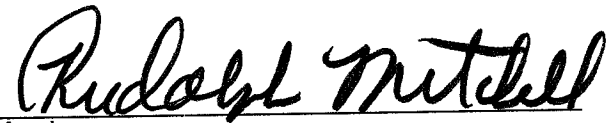
The Commission therefore believes that the Consumer Advocate has not stated reasonable points for the Commission to reconsider in this Docket, and the Commission must therefore deny the Petition for Reconsideration as filed.

IT IS THEREFORE ORDERED THAT:


1. The Consumer Advocate's Petition for Reconsideration of November 22, 1994 is hereby denied.

2. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Deputy Executive Director
(SEAL)